CITY OF HOLLYWOOD
EMPLOYEES' RETIREMENT FUND

A PENSION TRUST FUND OF THE CITY OF HOLLYWOOD, FLORIDA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

CITY OF HOLLYWOOD
EMPLOYEES' RETIREMENT FUND

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MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees and Executive Director
City of Hollywood Employees' Retirement Fund

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the City of Hollywood Employees' Retirement Fund (the "Plan") which comprise the statement of fiduciary net position as of September 30, 2022 and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the fiduciary net position of the Plan, as of September 30, 2022, and the changes in its fiduciary net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan 's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control—related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the City's net pension liability and related ratios, schedule of City contributions, and schedule of investment returns on pages 4 to 8 and 36 to 38 be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

We have previously audited the Plan's 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated April 26, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2023, on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control over financial reporting and compliance.

Marcum LLP

Fort Lauderdale, FL
April 25, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

This narrative discussion and analysis of the City of Hollywood Employees' Retirement Fund's (the "Plan") financial performance provides an overview of the Plan's financial activities for the fiscal years ended September 30, 2022 and 2021. It is meant to assist the reader in understanding significant changes between fiscal years. This discussion and analysis is intended to be read in conjunction with the financial statements.

OVERVIEW OF FINANCIAL STATEMENTS

The following discussion and analysis is intended to serve as an introduction to the Plan's financial statements. The financial statements, which are prepared in accordance with Governmental Accounting Standards Board ("GASB") pronouncements, are as follows:

- **The Statement of Fiduciary Net Position** – presents the financial position of the Plan each fiscal year end. It provides information about the nature and amounts of resources that the Plan presently controls (assets), present and future obligations to sacrifice resources that the Plan has little or no discretion to avoid (liabilities), with the difference between assets and liabilities being reported as net position restricted for pension benefits. Investments, other than money market mutual funds, are shown at fair value. All other assets and liabilities are determined on an accrual basis.

- **The Statement of Changes in Fiduciary Net Position** – presents the results of activities during each fiscal year. All changes affecting the assets and liabilities of the Plan are reflected on an accrual basis when the activity occurred, regardless of the timing of the related cash flows. In that regard, changes in the fair values of investments are included in each year's activity as net appreciation (depreciation) in fair value of investments.

- **The Notes to the Financial Statements** – provide additional information that is essential for a full understanding of the data provided in the financial statements. The notes present information about the Plan's accounting policies, significant account balances and activities, material risks, obligations, contingencies, and subsequent events, if any.

- **Required Supplementary Information** – as required by GASB, it is presented after the notes to the financial statements. These schedules consist of information pertaining to the Plan's actuarial methods and assumptions and provide data on changes in the City's net pension liability and related ratios, the City's contribution, and the Plan's investment return.

FINANCIAL HIGHLIGHTS

- Plan net position restricted for pension benefits exceeded liabilities at the close of fiscal years ended September 30, 2022 and 2021 by $385,662,031 and $442,686,502, respectively.

- As of September 30, 2022, liabilities increased by $582,062 (or 53%) as compared to September 30, 2021. The increase is primarily due to $500,000 increase in the Deferred Retirement Option Plan ("DROP") and refund accrual compared to 2021. The remaining increase is a result of the increase in the unclaimed check accrual. The total liabilities as of September 30, 2022 consists primarily of refund of member contributions, and unclaimed checks as well as administrative expenses due.

- For the fiscal year ended September 30, 2022, employer contributions to the Plan amounted to $28,387,441, a decrease of $1,527,460 (or -5.1 %) over fiscal year 2021. This was primarily the result of changes in the Plan's actuarial assumptions which resulted in a reduction in the required employer contribution in fiscal year 2022.
- For the fiscal year ended September 30, 2022, net investment income decreased by $117,761,071 (or –152.7%) resulting in a net investment loss of $40,656,006 as a result of unfavorable market conditions. Investment expenses were $648,438 in comparison to $677,406 in fiscal year 2021. Gross return on plan assets in 2022 was -9.6% versus 21.8% in 2021, resulting in an overall investment loss being recognized in the current year.
- For the fiscal year ended September 30, 2022, benefit payments, administrative expenses and refund of contributions increased by $10,814,007 (or 28.8%) from fiscal year ended September 30, 2021 to $48,300,562. The increase is primarily due to the payment of the supplemental pension distribution of $7,578,907, cost of living adjustments to retirees' monthly benefit amounts, and an increase in the payout amounts for DROP distributions and contribution refunds in 2022, when compared to 2021.
- Receivables and payables for investments are primarily generated through the timing differences between the trade and settlement dates for investment securities purchased or sold.
- As of September 30, 2202, receivables decreased by $11,112,133 (or 99.0%) during the current year as compared to September 30, 2021. The decrease resulted from the collection of the remaining balance owed by the City pertaining to the settlement receivable from the prior year which was paid off earlier than anticipated by the City.

PLAN HIGHLIGHTS

For the fiscal year ended September 30, 2022, the relative gross loss of the portfolio was -9.6% for the trailing year outperforming the policy index of a portfolio with a similar composition of -14.5% with net investment loss of $40,656,006 for the year. For the fiscal year ended September 30, 2021, the relative gross gain of the portfolio was 21.8% for the trailing year exceeding the policy index for a portfolio with a similar composition of 17.5%, with net investment gain of $77,105,065 for the year.

USING THE AUDITED FINANCIAL STATEMENTS

The financial statements, which reflect the activities of the Plan, are reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. These statements are presented on an accrual basis and reflect all the Plan's activities as incurred and account balances of investments for the fiscal year then ended.

SUMMARY OF FIDUCIARY NET POSITION

The following condensed comparative summary of fiduciary net position demonstrate the net position of the Plan at September 30, (in thousands):

	2022	2021
Assets		
Receivables	$ 114	$ 11,381
Investments	386,269	431,734
Prepaid Expenses	157	157
Capital Assets	799	508
Total Assets	387,338	443,781
Total Liabilities	1,676	1,094
Net Position Restricted for Pension Benefits	$ 385,662	$ 442,687

SUMMARY OF CHANGES IN FIDUCIARY NET POSITION

The summary of changes in fiduciary net position displays the effect of pension fund transactions that occurred during the fiscal year, where additions minus deductions equal net increase or (decrease) in Plan net position. The table below reflects a condensed comparative summary of the changes in net position and reflects the activities of the Plan for the fiscal years ended September 30, (in thousands):

	2022	2021
Additions		
City contributions	$ 28,387	$ 29,915
Local contributions	37	30
Member contributions	3,508	3,456
Net nvestment income (loss)	(40,656)	77,105
Total Additions	(8,724)	110,506
Deductions		
Pension benefits	46,457	36,205
Refund of member contributions	922	481
Administrative expenses	922	801
Total Deductions	48,301	37,487
Change in Net Position	(57,024)	73,019
Net Position Restricted for Pension Benefits		
Beginning of year	442,687	369,668
End of year	$ 385,662	$ 442,687

During the fiscal year 2022, the Plan's capital assets increased 290,778 (or 57%) as a result of additional pension software implementation costs incurred for the year.

The Plan's investment activities, measured as of the end of any month, quarter, or year, are a function of the underlying marketplace for the period measured and the investment policy's asset allocation. Actual returns for the fiscal year ended September 30, 2022 decreased from those of fiscal year ended September 30, 2021.

The benefit payments are a function of changing payments to retirees or their beneficiaries (i.e., deceased retiree, new retiree during the period, etc.).

ASSET ALLOCATION

At September 30, 2022, the domestic equity portion comprised approximately 24.6% ($94.9 million) of the total portfolio. The allocation to fixed income securities was 24.9% ($96.1 million), while money market funds comprised 1.8% ($7.1 million). Real estate partnerships comprised 11.5% ($44.6 million), international equities comprised 16.5% ($63.6 million), private equity investment comprised 11.0% ($42.5 million), private debt investment comprised 6.4% ($24.7 million), and infrastructure investments comprised 3.3% ($12.8 million).

At September 30, 2021, the domestic equity portion comprised approximately 31.8% ($137.4 million) of the total portfolio. The allocation to fixed income securities was 21.4% ($92.4 million), while money market funds comprised 1.2% ($5.0 million). Real estate partnerships comprised 7.3% ($31.6 million), international equities comprised 17.6% ($76.2 million), private equity investment comprised 11.6% ($50.3 million), private debt investment comprised 6.3% ($27.0 million), and infrastructure investments comprised 2.7% ($11.8 million).

The authorized investment allocation ranges as of September 30, 2022 and 2021, were as follows:

	Asset Allocation	
Asset Class	2022	2021
Domestic equities	20-35%	20-35%
Fixed income	20-35%	25-45%
International equities	10-25%	10-25%
Private Equity	0-15%	0-15%
Private Debt	0-14%	-
Private Real Estate	0-12.5%	0-12.5%
Private/Global Infrastructure	0-5%	0-5%
Cash	0-5%	0-5%

CITY'S NET PENSION LIABILITY

The fiduciary net position as a percentage of the total pension liability in accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*, as of September 30, 2022 and 2021 was 61.94% and 73.60%, respectively. GASB Statement No. 67 does not impact the fiduciary net position of the Plan. The notes and required supplementary information provide a summary of significant assumptions and other inputs used to calculate the total pension liability, including those about inflation, salary changes, and inputs to the discount rate, as well as certain information about mortality assumptions and investment returns.

PLAN MEMBERSHIP

The following table reflects the Plan membership as of the below actuarial valuation dates:

	October 1, 2022*	October 1, 2021
Inactive plan members and beneficiaries currently receiving benefits	1,162	1,131
Inactive plan members entitled but not yet receiving benefits	63	54
Active plan members	593	612
Total Members	1,818	1,797

* The plan membership as of October 1, 2022 is based on the Plan's internal records as the actuarial as of October 1, 2022 was not yet finalized as of the date of the independent auditor's report.

CONTACTING THE PLAN'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Board of Trustees, membership, taxpayers, investors, and creditors with a general overview of the Plan finances, and to demonstrate accountability for the money the Plan receives. If you have any questions about this report or need additional financial information, contact the Executive Director Christine Bailey, City of Hollywood Employees' Retirement Fund, 2600 Hollywood Boulevard, City Hall Annex, Room 20, Hollywood, Florida 33020.

FINANCIAL STATEMENTS

CITY OF HOLLYWOOD
EMPLOYEES' RETIREMENT FUND

STATEMENT OF FIDUCIARY NET POSITION

SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS AS OF SEPTEMBER 30, 2021)

	2022	2021
Assets		
Receivables		
City contributions	$ --	$ 11,112,133
Accrued interest and dividends	113,633	47,411
Due from broker	--	221,707
Total Receivables	113,633	11,381,251
Investments		
Money market mutual funds	7,095,536	8,990,722
Bond mutual fund	33,199,479	48,157,567
U.S. government agencies	420,897	--
U.S. treasuries	2,196,432	--
Fixed income composites	53,731,067	59,269,246
Corporate bonds	3,781,021	--
Asset backed securities	2,771,514	--
Domestic stocks	13,917,028	15,729,350
Large cap equity investment funds	60,077,324	87,491,631
Small cap equity investment funds	20,934,052	32,139,870
International equity investment funds	63,622,863	78,358,754
Private equity investment funds	42,514,399	49,848,481
Private debt investment fund	24,661,391	8,322,607
Infrastructure investment fund	12,755,908	11,834,520
Real estate investment funds	44,589,770	31,591,537
Total Investments	386,268,681	431,734,285
Prepaid Expenses	156,513	156,479
Capital Assets	799,213	508,435
Total Assets	387,338,040	443,780,450
Liabilities		
Accounts payable and other accrued liabilities	1,676,009	1,093,948
Total Liabilities	1,676,009	1,093,948
Net Position Restricted for Pension Benefits	$ 385,662,031	$ 442,686,502

The accompanying notes are an integral part of these financial statements.

CITY OF HOLLYWOOD
EMPLOYEES' RETIREMENT FUND

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021)

	2022	2021
Additions		
Contributions		
City	$ 28,387,441	$ 29,914,901
Local	37,128	29,913
Members	3,507,528	3,455,694
Total Contributions	31,932,097	33,400,508
Investment Income (Loss)		
Net appreciation (depreciation) in fair value of investments	(45,485,428)	73,078,946
Interest and dividends	5,477,860	4,703,525
Investment income	(40,007,568)	77,782,471
Less: investment expenses	648,438	677,406
Net Investment Income (Loss)	(40,656,006)	77,105,065
Total Additions	(8,723,909)	110,505,573
Deductions		
Pension benefits	46,457,087	36,204,572
Refund of member contributions	921,883	480,993
Administrative expenses	921,592	800,992
Total Deductions	48,300,562	37,486,557
Change in Net Position	(57,024,471)	73,019,016
Net Position Restricted for Pension Benefits		
Beginning of year	442,686,502	369,667,486
End of year	$ 385,662,031	$ 442,686,502

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the City of Hollywood Employees' Retirement Fund (also known as the "General Employees' Retirement Fund", or the "Plan") are prepared using the accrual basis of accounting, in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP") as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Contributions from members are recorded in the period the City of Hollywood, Florida (the "City", or "Employer") makes payroll deductions from participants (members). City contribution requirements are statutorily required contributions which are determined by the Plan's actuary in accordance with State statutes and are generally funded by the employer within the appropriate fiscal year. Benefit payments and refunds to members are recognized when due and payable in accordance with the terms of the Plan. Member contributions and City contributions are recognized in the period in which the contributions are paid.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions in net position restricted for Plan benefits. Actual results could differ from those estimates.

RISKS AND UNCERTAINTIES

Investments are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term could materially affect balances and the amounts reported in the statement of fiduciary net position.

CAPITAL ASSETS

Capital assets, which include property and equipment, and intangible assets (software) are stated at cost and depreciated using the straight-line method over the estimated lives of the assets:

Office Building	30 years
Software	5 years

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS

Investments are reported at fair value, except for money market mutual funds, which are reported at amortized cost.

Realized and unrealized gains and losses are reported as net appreciation (depreciation) in fair value of investments on the statement of changes in fiduciary net position. Purchases and sales of securities are reflected on a trade-date basis. Gains or losses on sales of securities are based on average cost. Dividends and interest income are recorded as earned. Refer to Note 3 for more detailed information regarding the methods used to measure the fair value of investments.

The investment policy is determined by the Board of Trustees and is implemented by investment advisors. At September 30, 2022, guidelines permit the following investments:

- Bonds, notes or other obligations of the U.S. government and its agencies;

- Common and preferred stock issued by a corporation created or existing under the laws of the United States or any state, district or territory thereof, provided that such securities shall be listed at the date of the purchase on a major stock exchange with an aggregate limitation of 35% of the total plan assets;

- Fixed income investments, provided that no one security issue of this type of obligation is more than five percent (5%) of the investment manager's portfolio;

- Time deposits or time certificates in any banking institution organized under the laws of the United States, provided that such investments are not more than five percent (5%) of the short-term investment account;

- International equity investments made through the purchase of units of commingled funds or group trusts are limited to a maximum of 25% of plan investments; and

- Real estate investments in pooled real estate vehicles, limited partnerships or other types of real estate investments, limited to a maximum of 12.5% of plan investments, as determined by the Board in consultation with the investment consultant.

- The Board, after consulting with the Investment Consultant, may authorize the use of any other investment for an account provided that such investment is considered prudent for a retirement fund. Assets that provide appropriate diversification (specifically low correlation with existing assets) will be considered.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INVESTMENTS (CONTINUED)

Prohibited assets and/or transactions under the Plan's investment policy include selling short, letter stock, options other than covered call writing, and any investments not listed in the investment policy except as noted above.

The Plan's target asset allocation and authorized ranges as of September 30, 2022, were as follows:

Asset Class	Target (%)	Allowable Range (%)
Domestic equities	27.50%	20 - 35%
Fixed income	26.25%	20 - 35%
International equities	17.50%	10 - 25%
Private Equity	10.00%	0 - 15%
Private Debt	8.75%	0 - 14%
Private Real estate	7.50%	0 - 12.5%
Private Infrastructure	2.50%	0 - 5%
Cash	0.00%	0 - 5%

INCOME TAX STATUS

Management believes the Plan is operated in compliance with the Internal Revenue Code and is therefore exempt from Federal income taxes.

NOTE 2 – PLAN DESCRIPTION

The General Employees' Retirement Fund is a defined benefit plan. The Plan was established on October 1, 1958, as set forth in Article X, Section §10.01 of the City of Hollywood, Florida Charter. The Plan currently functions in accordance with the City Code of Ordinances, Section §33.025 - §33.031 and other existing federal and State laws. The Plan is governed by a seven (7) member board of trustees (the "Board"). The Board is comprised of two (2) persons designated as citizen members who are residents of the City appointed by the City Commission; the City Manager or his/her designee; two (2) members representing the employees, who shall be employee members (including Deferred Retirement Option Plan ("DROP") participants) with at least six (6) years of credited service and elected by vote of all employee members (including DROP participants); one (1) member representing the retirees, who shall be a retiree (but not a DROP participant) elected by vote of all retired members

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

(excluding DROP participants); and one (1) member appointed by the City Manager, representing the employees whose positions are not included in a collective bargaining unit who has accounting or investment experience. The Board can recommend to the City changes to the provisions of the Plan.

The City requires that substantially all full-time employees of the City contribute to the Plan. Contributions required from members were at the rate of eight percent (8%) of compensation until June 18, 2019, when it changed to a rate of nine percent (9%) for general fund members hired prior to October 1, 2011 and non-general fund members hired prior to March 5, 2014. These contributions have been on a tax-deferred basis since 1994. The City is required to contribute the remaining amounts necessary to fund the Plan using an actuarial basis as required by State statute. The City's actuarially determined contribution rate for fiscal year 2022, which was determined by the October 1, 2020 actuarial valuation, is 66.52 percent of annual covered payroll. The vesting period for members hired prior to July 15, 2009 is five (5) years of credited service. For members hired on or after July 15, 2009, the vesting period is seven (7) years of credited service.

The Plan is a single-employer public employee retirement system sponsored by the City, and is included as a pension trust fund in the City's Annual Comprehensive Financial Report (ACFR) as part of the City's financial reporting entity for the year ended September 30, 2022. For further information on the City, please see the Annual Report.

At October 1, 2021, the date of the latest available actuarial valuation, membership in the Plan consisted of:

Inactive plan members and beneficiaries currently receiving benefits	1,131
Inactive plan members entitled but not yet receiving benefits	54
Active plan members	612
Total Members	1,797

NORMAL RETIREMENT

A member hired prior to July 15, 2009 must attain the age of 55 with five (5) years of credited service, or complete 25 years of credited service, regardless of age, in order to be eligible for normal retirement. For members hired on or after July 15, 2009, normal retirement date varies depending on date of hire and date of separation.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

NORMAL RETIREMENT (CONTINUED)

For Employees Hired Prior to July 15, 2009

A member hired prior to July 15, 2009, who is currently employed by the City, who has been contributing to the Plan during their full period of employment, and who exercises normal retirement is entitled to receive a retirement benefit equal to three percent (3%) of their average final compensation (based on the 78 highest consecutive bi-weekly pay periods during employment) multiplied by years of credited service, up to a maximum of 27 years, with a maximum benefit equal to 81 percent of the member's average final compensation.

For members hired prior to July 15, 2009 who retire on or after August 17, 2009 without entering the DROP, a two percent (2%) cost of living adjustment ("COLA") will be payable annually three (3) years after retirement benefits begin. For members hired prior to July 15, 2009 who enter the DROP on or after August 17, 2009, a two percent (2%) COLA will be payable annually commencing the later of three (3) years after retirement benefits begin or one (1) year after separation employment following participation in the DROP.

For members hired prior to July 15, 2009 who retire or enter the DROP on or after August 17, 2009 compensation excludes all earnings and payouts for blood time and compensatory time. Payouts for accumulated annual leave that may be counted as compensation for such members will not exceed 125 hours for employees covered by the general employees' bargaining unit: and will not exceed 60 hours per year for employees who retire from a position not covered by the general employees' bargaining unit.

Members who participated in the Supplemental Retirement System who were hired on or after October 1, 1976 and elected to participate in the contributory plan had the option of keeping their benefit accrual rate of one percent (1%) for credited years of service prior to the date the member started contributions, or paying additional contributions to obtain an increased benefit accrual rate for credited years of service prior to the date the member started contributions. Upon exercising normal retirement, the monthly retirement benefit for such members who elected not to pay the additional contribution would be computed using a combination of a rate of one percent (1%) for credited years of service prior to the date the member started contributions, and currently a benefit accrual rate of three percent (3%) for credited years of service after the date the member started contributions.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

NORMAL RETIREMENT (CONTINUED)

For General Fund Members Hired on or After July 15, 2009 but Prior to October 1, 2011 and Non-General Fund Members Hired on or After July 15, 2009 but Prior to March 5, 2014

For members hired on or after July 15, 2009, normal retirement date and average final compensation varies based on date of hire and date of separation. Normal retirement date is based on a combination of age and years of credited service. Upon reaching normal retirement date, a member is entitled to a normal retirement benefit of two and one-half to three percent (2.5%-3%) of average final compensation for each year of credited service, up to a maximum benefit of 81 percent of average final compensation. Average final compensation is based on the member's highest 104 or 130 consecutive bi-weekly pay periods of credited service.

Vesting period will be seven (7) years of credited service.

Compensation includes only the member's base pay, which includes longevity pay, but no other payments are included.

Eligibility for non-duty disability benefits commences upon the member completing seven (7) years of credited service.

A vested member who separates from City employment prior to his or her normal retirement date and does not receive a refund of contributions will have a right to receive a retirement benefit beginning at their normal retirement date based on the benefit formulas in effect on the date of separation from City employment, years of credited service and average final compensation on that date.

Members contribute nine percent (9%) of their compensation to the Plan.

Members are not eligible to participate in the DROP.

Members are not eligible for a COLA after their retirement benefits commence.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

NORMAL RETIREMENT (CONTINUED)

For General Fund Members Hired on or After October 1, 2011 and Non-General Fund Members Hired on or After March 5, 2014

A general fund member hired on or after October 1, 2011, or a non-general fund member hired on or after March 5, 2014, must attain the age of 65 with seven (7) years of credited service, age 62 or older with 25 years of credited service, or 30 years of credited service regardless of age, in order to be eligible for normal retirement.

General fund members hired on or after October 1, 2011 will receive the same retirement benefits as members hired on or after July 15, 2009 but prior to October 1, 2011 subject to the amendments below:

Non-general fund members hired on or after March 5, 2014 will receive the same retirement benefits as members hired on or after July 15, 2009 but prior to March 5, 2014 subject to the amendments below:

- Normal retirement date will be age 65 or older with seven (7) years credited service; age 62 or older with 25 years of credited service; or 30 years of credited service.
- Vesting period is seven (7) years of credited service
- Upon reaching normal retirement date, a member is entitled to a normal retirement benefit of two and one-half (2.5%) of average final compensation for each year of credited service, up to a maximum benefit of 81 percent of average final compensation.
- Average final compensation will be based on the member's highest 130 consecutive bi-weekly pay periods of the last 260 bi-weekly pay periods of credited service.
- Eligibility for non-duty disability benefits commences after completing seven (7) years of credited service.
- Members are not eligible to participate in the DROP.
- Members are not eligible for a COLA.
- Members who separate from the City prior to their normal retirement date having completed seven (7) years of credited service, and having not received a refund of contributions, will have the right to receive a service retirement benefit beginning at age 65 based on the benefit formula in effect on the date of separation from City, years of credited service and average final compensation on that date.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

NORMAL RETIREMENT (CONTINUED)

<u>For General Fund Members Hired Prior to October 1, 2011 Who Separate from the City on or After that Date but Before June 19, 2019 and Non-General Fund Members Hired Prior to March 5, 2014 Who Separate from the City on or After that Date but Before June 19, 2019</u>

As of September 30, 2011, benefits under the previously existing plan were frozen for general fund members. As of March 4, 2014, benefits under the previously existing plan were frozen for non-general fund members. (Note: For members in active service on June 19, 2019, benefits were restored.). The plan had numerous changes that impacted future benefits for members. Benefits were frozen and immediately vested for all members.

Member who was eligible to retire with normal retirement benefits on or before the plan freeze date were not frozen.

Under the benefit structure effective after the freeze date the normal retirement date was determined by hire date, age, amount of credited service on the freeze date, and date of separation.

Upon reaching normal retirement date, a member is entitled to a normal retirement benefit equal to the frozen benefit plus two and one-half percent (2.5%) of average final compensation for each year of credited service after the freeze date, up to a maximum benefit of 81 percent of average final compensation.

Average final compensation for future benefits after the freeze date will be based on the member's highest 130 consecutive bi-weekly pay periods of the last 260 bi-weekly pay periods of credited service.

Eligibility for non-duty disability benefits commences based on date of hire after completing five (5) or seven (7) years of credited service.

Members are not eligible to participate in the DROP.

Members are not eligible for a COLA for future benefits after the freeze date.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

DISABILITY RETIREMENT

After five (5) years of credited service, a member hired prior to July 15, 2009 who becomes totally and permanently disabled, as defined by the Plan, may retire on a nonservice incurred disability retirement benefit. For members hired on or after July 15, 2009, eligibility for non-duty disability benefits commences upon the member completing seven (7) years of credited service.

A member under a disability retirement will be entitled to receive a retirement benefit equal to 75 percent of the member's salary if the disability occurred in the performance of an act of duty as an active employee of the City. A member under a disability retirement will be entitled to receive a retirement benefit equal to the member's accrued benefits, but not less than 20 percent of the member's average monthly compensation if the disability occurred in the performance of an act other than duty as an active employee of the City.

PRERETIREMENT DEATH BENEFITS

When an active member, who is vested, dies before retirement, his or her designated beneficiary (or beneficiaries) will have the option of receiving the member's contribution to the Plan, plus simple interest at the rate of four percent (4%) per year, or benefit payments until the death of the last surviving beneficiary equal to the benefit payments the deceased member would have received had he or she retired on the day of his or her death having selected to receive his or her annuity as joint and last survivor, whereby the retired member will receive a reduced monthly benefit for life, and following the retired member's death, the same monthly benefit is paid to the member's designated beneficiary for life.

When a vested member, dies after separation from City employment but before retirement and having elected an optional form of benefit, his or her designated beneficiary (or beneficiaries) will have the option of receiving the member's contribution to the Plan, plus simple interest at the rate of four percent (4%) per year, or benefit payments based on the elected option commencing on the date the vested member would have become eligible for benefit payments. If the deceased vested member, did not elect an optional form of benefit, his or her designated beneficiary (or beneficiaries) will receive the member's contribution to the Plan, plus simple interest at the rate of four percent (4%) per year in lieu of any other benefit. If the vested member did not designate a beneficiary, the member's contribution to the Plan, plus simple interest at the rate of four percent (4%) per year will be paid to the member's estate.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

DEFERRED RETIREMENT OPTION PLAN (DROP)

This option is available to all members hired before July 15, 2009 and it may be elected on or after the member attains the age of 55, with at least 10 years of credited service, or 25 years of credited service, regardless of age, but prior to the completion of 30 years of credited service. The maximum participation in the DROP is the lesser of five (5) years or until the member's credited service plus DROP participation period equals 32 years. Members hired on or after July 15, 2009 are not eligible to participate in the DROP.

A member's credited service, accrued benefits and compensation calculation are frozen upon participation in the DROP. The monthly benefit amount is calculated based on credited service, average final monthly compensation, and retirement option selected.

Upon participation in the DROP, the member's contribution and the City's contribution to the Plan for the member cease as the member will not earn further credited service for pension purposes. For each member electing participation in the DROP, an individual DROP account will be created. Payment will be made by the Plan into the member's DROP account in an amount equal to the normal monthly retirement benefit, which the member would have received had the member separated from service and commenced receipt of pension benefits. Payments received by the member in the DROP account are tax deferred. DROP payments earn interest at the same rate as the net rate of investment returns on Plan assets except that in no event will DROP payments earn interest at a rate less than zero percent (0%) per annum. These amounts are included in the Plan's net position restricted for pension benefits.

Upon termination of employment, members will receive normal monthly retirement benefits as well as their funds from the DROP account in combination of a lump-sum distribution, and a rollover of the balance to another qualified retirement plan.

DROP participation does not affect any other death or disability benefits provided to members under federal law, State law, City ordinance or any rights or benefits under any applicable collective bargaining agreement. As of September 30, 2022, there were 71 members in the DROP and the estimated fair value of DROP investment was approximately $6,318,000, which is included in the Plan's net position.

NOTE 2 – PLAN DESCRIPTION (CONTINUED)

COST-OF-LIVING ADJUSTMENT

On an annual basis, members hired before July 15, 2009 will receive an increase in the monthly retirement benefit of two percent (2%) for COLA starting three (3) years after retirement benefits begin. For members who enter the DROP, a two percent (2%) COLA will be paid annually, commencing the later of three (3) years after retirement benefits begin or one year after separation from employment following participation in the DROP. Members hired on or after July 15, 2009 are not eligible for a COLA.

SUPPLEMENTAL PENSION BENEFIT DISTRIBUTION

Effective October 1, 2002, a supplemental pension benefit program was established for eligible members employed by the City on October 2, 2002, and members receiving benefits from the Plan on that date, or the spouses of such members if the members are deceased and the spouses are receiving benefits from the Plan. The benefit is payable for each year in which the net market rate of return on Plan assets exceeds the assumed rate of investment return plus four and one-half percent (4.5%). The net market rate of return on Plan assets did not meet the required threshold to pay this benefit in fiscal year 2022.

OTHER

Investment expenses directly billed to the Plan for investment management services totaled approximately $648,000 for the year ended September 30, 2022. The remaining portion of investment expenses incurred by the Plan for fiscal year 2022 are not readily separable from investment income for certain investment managers and as such are netted against investment income on the accompanying statement of changes in fiduciary net position.

Administrative expenses incurred by the Plan for expenses with the Pension Office, employee wages, legal fees and custodian fees totaled approximately $922,000 for the year September 30, 2022.

NOTE 3 – DEPOSITS AND INVESTMENTS

INTEREST RATE RISK

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of investments. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Plan's investment policy limits interest rate risk, as a result of changes in interest rates on its investments, by attempting

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INTEREST RATE RISK (CONTINUED)

to match investment maturities with known cash needs and anticipated cash flow requirements. As a means of limiting its exposure to interest rate risk, the Plan limits the majority of its debt type investments to a maximum of 10 years.

At September 30, 2022, the Plan had the following fixed income investments and maturities, with the exception of the fixed income composites and the private debt investment fund which have no maturity dates:

		Investment Maturities (In Years)			
Investment	Fair Value	Less Than 1	1-5 Years	6-10 Years	More Than 10 Years
Bond Mutual Fund	$ 33,199,479	$ --	$ --	$ 33,199,479	$ --
Asset Backed Securities	2,771,514	--	--	2,771,514	--
U.S. Treasuries	2,196,432	--	631,289	880,095	685,048
U.S. Government Agencies	420,897	--	356,279	--	64,618
Corporate Bonds	3,781,021	--	1,445,757	1,890,682	444,582
Total Maturities	$ 42,369,343	$ --	$ 2,433,325	$ 38,741,770	$ 1,194,248

CREDIT RISK

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. U.S. government and U.S. government guaranteed securities are not considered to have credit risk.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

CREDIT RISK (CONTINUED)

The following table discloses credit ratings by fixed income investment type for the Plan at September 30, 2022 as applicable:

Investment	Fair Value	Percentage of Portfolio
U.S. Government Securities	$ 2,617,329	2.17%
Quality Rating of Credit Risk Debt Securities		
AAA	2,981,400	2.47%
AA+	121,722	0.10%
A	377,816	0.31%
A-	497,243	0.41%
Baa3	169,909	0.14%
BBB+	528,985	0.44%
BBB	635,318	0.53%
BBB-	624,494	0.52%
BB+	261,111	0.22%
BB	271,508	0.22%
BB-	83,029	0.07%
Total Credit Risk of Debt Securities	6,552,535	5.43%
Not Rated	111,591,937	92.41%
Total Plan Fixed Income Investments	$ 120,761,801	100.00%

CUSTODIAL CREDIT RISK

For investments, this is the risk that in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of September 30, 2022, the Plan's investments are held by third-party safekeeping custodians selected by the Board and registered in the Plan's name.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

CONCENTRATION OF CREDIT RISK

The investment policy of the Plan contains a limitation on the amount that can be invested in any one issuer, as well as portfolio allocation ranges and maximum percentages by types of investments.

At September 30, 2022, the Plan held certain investments that represent 5 percent or more of the Plan's net position. The investments included:

Investment	% of Plan Net Position
S&P 500 Index Fund – Non Lending	15.6%
Wellington Trust Company – CTF International	10.4%
Baird Core Plus Bond Fund	8.6%
Neuberger Berman – Crossroads XXI Fund	5.9%
Neuberger Berman - Short Duration Emerging Market Fund	5.7%

FAIR VALUE HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1
Investments traded in an active market with available quoted prices for identical assets as of the reporting date.

Level 2
Investments not traded on an active market but for which observable market inputs are available for an asset, either directly or indirectly, as of the reporting date.

Level 3
Investments not traded in an active market and for which no significant observable market inputs are available as of the reporting date.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

The Plan has established a framework to consistently measure the fair value of the Plan's assets and liabilities in accordance with applicable accounting, legal and regulatory guidance. This framework has been provided by establishing a valuation policy and procedures that will provide reasonable assurance that assets and liabilities are carried at fair value. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The assessment of the significance of a particular input to the fair value measurement requires judgment and considers factors specific to the investment.

Fixed income and equity securities classified as Level 1 of the fair value hierarchy are valued using quoted prices at September 30 (or the most recent market close date if the markets are closed on September 30) in active markets from the custodian bank's external pricing vendors, which utilize primary exchanges.

Fixed income securities classified as Level 2 are valued using evaluated prices from the custodian bank's external pricing vendors. The pricing methodology involves the use of evaluation models such as matrix pricing, which is based on the securities' relationship to benchmark quoted prices. Other evaluation models use actual trade data, collateral attributes, broker bids, new issue pricings and other observable market information.

Equity securities classified as Level 2 are valued using evaluated prices from the custodial bank's external pricing vendors, or alternative pricing source, such as investment managers, if information is not available from the custodial bank's external pricing vendors.

The Plan invests in private equity investments, debt equity investments, infrastructure and real estate investment funds which hold a variety of investment vehicles that do not have readily available market quotations. These investments are measured at net asset value ("NAV") based on their proportionate share of the value of the investments as determined by the fund manager and are valued according to methodologies which include pricing models, property valuations (appraisals), discounted cash flow models, and similar techniques. Investments measured at NAV as a practical expedient are excluded from the fair value hierarchy because the valuation is not based on actual market inputs but rather is quantified using the investments' reported NAV as a matter of convenience.

Certain investments, such as money market funds, are carried at amortized cost, and not priced at fair value.

At present the Plan does not value any of its investments using Level 3 inputs.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

The following table summarize the valuation of the Plan's investments in accordance with the above mentioned fair value hierarchy levels as of September 30, 2022:

Investment by Fair Value Level	Reported Value	Quoted Price in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Fixed Income				
Bond mutual fund	$ 33,199,479	$ 33,199,479	$ --	$ --
U.S. government agencies	420,897	--	420,897	--
U.S. treasuries	2,196,432	--	2,196,432	--
Fixed income composites	53,731,067	14,756,964	38,974,103	--
Corporate bonds	3,781,021	--	3,781,021	--
Asset backed securities	2,771,514	--	2,771,514	--
Total Fixed Income	96,100,410	47,956,443	48,143,967	--
Equity				
Domestic stocks	13,917,028	12,516,210	1,400,818	--
Large cap equity investment funds	60,077,324	--	60,077,324	--
Small cap equity investment funds	20,934,052	--	20,934,052	--
International equity investment funds	63,622,863	16,611,240	47,011,623	--
Total Equity	158,551,267	29,127,450	129,423,817	--
Total Investments by Fair Value Level	254,651,677	$ 77,083,893	$ 177,567,784	$ --
Investments Measured at NAV				
Private equity investment funds	42,514,399			
Private debt investment funds	24,661,391			
Infrastructure investment fund	12,755,908			
Real estate investment funds	44,589,770			
Total Investments Measured at NAV	124,521,468			
Money market mutual funds (exempt)	7,095,536			
Total Investments	$ 386,268,681			

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

FAIR VALUE HIERARCHY (CONTINUED)

Fair value measurements of investments that are measured at net asset value as a practical expedient have the following commitments and restrictions and conditions of redemptions at September 31, 2022:

Investments Measured at NAV	Reported Value at September 30, 2022	Unfunded Commitments	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Private Equity Investment Funds				
NB Crossroads Fund XXI - Asset Allocation, LP	$ 22,610,546	$ 5,400,000	Not eligible	N/A
GoldPoint Partners Co-Investment VI, LP	13,293,229	972,779	Not eligible	N/A
HarbourVest Dover Fund IX, LP	6,610,624	1,500,000	Not eligible	N/A
Total Private Equity Funds	42,514,399	8,994,276		
Private Debt Investment Funds				
AG Direct Lending Fund II, LP	5,837,329	1,121,497	Not eligible	N/A
NB Private Debt Fund IV, LP	10,420,040	10,000,000	Not eligible	N/A
Brightwood Capital Fund V, LP	3,289,121	4,500,000	Not eligible	N/A
Marathon Healthcare Finance Fund, LP	5,114,901	1,121,497	Not eligible	N/A
Total Private Debt Funds	24,661,391	16,742,994		
Real Estate Investment Funds				
AG Realty Value Fund X, LP	9,301,005	--	Not eligible	N/A
Morgan Stanley - Prime Property Fund, LLC	15,409,210	--	Quarterly	90 Days
Principal Enhanced Property Fund, LP	16,943,674	--	Quarterly	90 Days
Affiliated Housing Impact Fund, LP	2,935,881	3,007,457	Not eligible	N/A
Total Real Estate Funds	44,589,770	3,007,457		
Infrastructure Investment Fund				
IFM Global Infrastructure Investment Fund	12,755,908	--	Quarterly	90 Days
Total Investments Measured at NAV	$ 124,521,468	$ 27,623,230		

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENT VALUATION

NB Crossroads Fund XXl - Assets Allocation, LP was formed in January 15, 2015 as a Delaware limited partnership for the purpose of acquiring, holding, selling and exchanging, either directly or indirectly, interest in limited partnerships or other pooled investment vehicles that are organized to make investments in large-cap buyout, mid-cap buyout, special situations and venture/growth capital investment funds, as well as securities, including co-investments. The general partner of the fund uses the best information it has reasonably available to determine or estimate fair value. Valuations of the investments are reviewed and approved quarterly by the general partner. Valuation methods employed are comparable public company valuation, comparable transaction valuation analysis and other methodologies, as appropriate. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

GoldPoint Partners Co-Investment VI, LP was formed in July 24, 2017 as a Delaware limited partnership. The Fund will seek a highly diversified portfolio of middle market transactions by primarily targeting co-investments alongside core partners with fund sizes less than $5 billion. The Fund will typically invest $10 million to $40 million in any given transaction, although smaller or larger investments may be made where appropriate. The Fund targets opportunities where the sponsor has relevant expertise, a quantifiable history of successful investing, and a proven ability to add tangible value to the target company. The Fund seeks to invest in companies that have proven management teams, strong and sustainable cash flows, and competitive advantages in industries with barriers to entry. A high priority will be placed on companies that have minimal exposure to cyclical downturns, a low threat of obsolescence or rapid technological change, and limited customer and geographic concentrations. The fund's limited partners include public and private pension funds, financial institutions, insurance companies, endowments, family offices and high-net worth individuals. The partners of the fund uses the best information it has reasonably available to determine or estimate fair value. Valuation methods employed are comparable public company valuation, comparable transaction valuation analysis and other methodologies, as appropriate.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENT VALUATION (CONTINUED)

HarbourVest Dover Fund IX, LP is a closed-end fund. The goal is to provide investors with attractive risk adjusted returns by leveraging the firm's proven strategy of constructing a well-diversified portfolio of secondary investments with a focus on the less efficient segments of the secondary market. HarbourVest's investment and accounting teams measure fair value on a quarterly basis. The following methods are used for partnership investments fair value principles and are applied by managers in their financial reports in accordance with U.S. GAAP; publicly traded and quoted securities shall be valued at the closing price at the end of the valuation period; for non-marketable securities and direct investments the value is most likely to be an existing price in an orderly arm's length transaction between market participants as of the valuation date, using one of the acceptable valuation methods under U.S. GAAP (Guideline Company Method, Similar Transaction Method or Discounted Cash Flow). Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

Marathon Healthcare Finance Fund, LP is a Delaware limited partnership which was formed on February 2, 2021, commenced operations on August 16, 2021. The partnership's investment objective is to seek to generate attractive, recession resilient, risk adjusted returns in the healthcare market by providing capital solutions primarily to healthcare companies focused on Food and Drug Administration approved therapeutics to address clinical needs in growth markets. The partnership's investments consist of affiliated private equity, affiliated private debt, and a special purpose vehicle ("SPV"). The following methods are used by the investment manager to measure the fair value of investments in affiliated private equity and affiliated private debt: broker quotations including sale negotiations and/or indicative purchase offers received from independent parties; recent market transactions of the instruments; independent third-party appraisals; recent sales valuations of comparable investments; and if the above are not available, other valuation methods including discounted cash flows, enterprise value/income approach, and/or recovery analysis. For the SPV, management determined the fair value of the investment using the net asset value as of the reporting measurement date as a practical expedient. The partnership periodically engages the services of an independent third-party valuation firm to assist in determining a reasonable range of fair values for particular investments.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENT VALUATION (CONTINUED)

AG Direct Lending Fund II, LP is a Delaware limited partnership which commenced operations on November 14, 2016. The partnership has been established to capitalize on investment opportunities available in middle market direct lending. The Partnership intends to provide corporate financing support to North American middle-market companies, focusing on senior secured debt and other debt instruments, including unitranche facilities, second lien debt, mezzanine loans and equity co-investments. The fair value of the investment in this fund has been determined using the NAV per unit of the ownership interest in the partners' capital. This fund is not eligible for redemption. Distributions are received as underlying investments within the funds are liquidated, which on average can occur over the span of five to ten years.

NB Private Debt Fund IV, LP is a Delaware limited partnership commenced operations on December 9, 2020. The fund's objective is to create a portfolio through several holding partnerships in which the fund owns approximately 60%, which seek to provide attractive risk-adjusted returns by making investments in senior secured floating rate loans and complementary investments. The fund's investments most notably consist of 1st lien loans, 2nd lien loans, unitranche loans, and revolvers. The fund's private debt and equity investments are valued at fair value on a quarterly basis. The fund's advisors estimate the enterprise value of each portfolio company and compares such amount to the total amount of the company's debt and equity as well as the level of debt senior to the fund's interest. These estimates are based on specific measures such as EBITDA, free cash flow, net income, book value, or NAV, as believed most relevant for the given company, and compares this metric in relation to comparable company valuations based on the same metric. In determining the enterprise value, the advisors further consider factors such as the company's acquisition prices, credit metrics, historical and projected operational and financial performance, liquidity, industry trends, general economic conditions, scale, and competitive advantages. In certain cases, debt and equity securities are valued on the basis of prices from an orderly transaction between market participants provided by reputable dealers or pricing services.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENT VALUATION (CONTINUED)

Brightwood Capital Fund V, LP is a Delaware limited partnership that commenced operations on June 24, 2021. The fund is organized for the principal purposes of making investments in loans, notes and other debt instruments, total return swaps and other derivative instruments, participation interests, warrants, equity securities including common stock, preferred stock, direct equity investments, and structured equity products. For private equity and debt investments in operating companies for which prices are not observable, the fund measures fair value based on Level 3 inputs by reference to public market or private transactions or valuations for comparable companies or assets in the relevant asset class when such amounts are available. If investments cannot be valued by reference to observable valuation measures for comparable companies, then the primary analytical method used to estimate fair value of such investments is the discounted cash flow method. The fund estimates the fair value of debt securities using recently executed transactions, market price quotations and traded yields of corporate transactions when observable. When observable data is not available, fair value is estimated based on analysis of collateral, cash flow models with yield curve analysis, seniority of the debt, enterprise value relative to debt levels, projected financial condition and operating result, payment history and ability to generate sufficient cash flows to make payments when due, and prepayment penalties. Investments in equity and debt securities of portfolio companies may also be valued at cost for a period of time after acquisition as the best indicator of fair value.

AG Realty Value Fund X, LP is a Delaware limited partnership which was formed on February 5, 2018, commenced operations on August 2, 2018. Investments are in real estate limited partnerships/companies include equity interests in limited partnerships and limited liability companies for the purpose of investing in real estate. The General Partner primarily utilizes an income valuation approach methodology including discounted cash flow analyses or direct capitalization analyses to value the Partnership's real estate investments. Unlevered cash flows utilized in discounted cash flow analyses are derived from property rental revenue less operating expenses, real estate taxes and capital and other costs, plus projected sales proceeds in the year of exit.

Morgan Stanley Prime Property Fund, LLC is an open-end fund established for the purpose to acquire, own, hold for investment and ultimately dispose of investments in real estate and real estate related assets with the intention of achieving current income, capital appreciation or both. All properties invested in as September 30, 2022 were located throughout the United States. An independent appraiser will perform quarterly appraisals of the Funds underlying properties and is reviewed by asset managers. The Fund determines individual investment values based on such appraisals. These processes are designed to assure that valuation is prepared using reasonable inputs and assumptions which are consistent with

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

INVESTMENT VALUATION (CONTINUED)

market data or with assumptions that would be used by a third party participant and assume highest and best use of the real estate investment. The fair value of the investment in this Fund has been determined using the NAV per unit of the ownership interest in the fund.

Principal Enhanced Property Fund, LP is an open-end fund that will seek to make investments in stabilized, income producing assets, plus value-added and development projects in accordance with the investment guidelines. All properties invested in at September 30, 2022 were located throughout the United States. Principal will use a third-party appraisal firm, with approximately 25% of the portfolio appraised each quarter. Principal will use the appraised value and updated quarterly valuations for purpose of determining the fund's gross asset value and net asset value. The fair value of the investment in this fund has been determined using the NAV per unit of the ownership interest in the partners' capital.

Affiliated Housing Impact Fund, LP is a real estate fund that seeks to, indirectly through subsidiary entities, acquire or lease potential real estate development sites, including parcels of raw land or other sites or properties, in the State of Florida, and subsequently construct, develop, operate, lease, manage, renovate, finance, and/or market thereon affordable multifamily apartments for rent (which may also include ancillary retail or mixed-use components). As of September 30, 2022, the fund wholly owned certain real estate assets in the State of Florida which were either pre-development or under construction. The fund measures the fair value of these real estate investments using methods including annual third-party appraisals of each property.

IFM Global Infrastructure Investment Fund seeks to acquire and maintain a well-diversified portfolio of infrastructure investments. The strategy is to subject investment decisions to rigorous fundamental analysis and a disciplined investment process. The goal is to construct and maintain portfolios which consist of long-term, core infrastructure assets. Infrastructure investments are valued at the end of each quarter by independent valuation firms. The valuation method is employed for each asset at the discretion of the appointed independent valuer but must fall within the standards prescribed under AASB 139, U.S. GAAP ASC 820 and ASC 825 as appropriate. IFM Investors' infrastructure investments are typically valued on a discounted cash flow approach by the independent valuers. Discount rates are also determined by the valuer. Valuations are cross-checked with public market information and recent transactions.

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

RATE OF RETURN

For the year ended September 30, 2022, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was -9.70%. The annual money-weighted rate of return expresses investment performance, net of investment manager and consultant expenses adjusted for the changing amounts actually invested. Inputs to the internal rate of return calculation are determined on a monthly basis.

NOTE 4 – CITY'S NET PENSION LIABILITY

The components of the net pension liability for the City (employer) at September 30, 2022 are as follows:

Total Pension Liability	$ 622,680,744
Less: Plan fiduciary net position	(385,662,031)
Net Pension Liability	$ 237,018,713
Plan Fiduciary Net Position as a % of the Total Pension Liability	61.94%

The total pension liability was determined by an actuarial valuation as of October 1, 2021 with updated asset information as of September 30, 2022, using the following actuarial assumptions in the measurement:

NOTE 4 – CITY'S NET PENSION LIABILITY (CONTINUED)

Actuarial Assumptions

Assumed rate of return on investments	7.00% per annum
Annual salary increases	3.0% to 8.0% depending on service, including inflation
Inflation rate	2.50%
Cost-of-living adjustments	2% per year for eligible members
Mortality Tables (MT's)	Mortality tables PUB-2010 Headcount Weighted General Below Media Employee Male and Female Tables (pre-retirement) and PUB-2010 Headcount Weighted General Below Median Healthy Retiree Male and Female Tables (post-retirement). These tables use ages set back one year for males and mortality improvements to all future years after 2010 using scale MP-2018. These are the same rates used for Regular Class members of the Florida Retirement System (FRS) in their July 1, 2020 actuarial valuation report, as mandated by Chapter 112.63, Florida Statutes.

LONG-TERM EXPECTED RATE OF RETURN

The long-term expected rate of return on pension plan investments are developed for each major asset class by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Long-term Expected Real Rates of Return
Fixed Income	0.38%
Domestic Equity	6.11%
International Equity	6.49%
Real Estate	3.72%
Private Credit	5.06%
Private Equity	9.93%
Infrastructure	5.16%
Emerging Markets Equity	8.12%

NOTE 4 – CITY'S NET PENSION LIABILITY (CONTINUED)

DISCOUNT RATE

A single discount rate of 7.00% was used to measure the City's total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 7.00%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (7.00%) was applied to all periods of projected benefit payments to determine the City's total pension liability.

The following table illustrates the impact of discount rate sensitivity on the net pension liability as of September 30, 2022:

	1% Decrease (6.00%)	Current Rate (7.00%)	1% Increase (8.00%)
City's Net Pension Liability	$ 308,394,305	$ 237,018,713	$ 177,310,054

NOTE 5 – CAPITAL ASSETS

As of September 30, 2022, the capital assets of the Plan consist of:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Office Building	$ 488,970	$ --	$ --	$ 488,970
Software	19,465	290,778	--	310,243
Total Capital Assets Not Being Depreciated	$ 508,435	$ 290,778	$ --	$ 799,213

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HOLLYWOOD
EMPLOYEES' RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY AND RELATED RATIOS

September 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	$ 6,631,353	$ 6,445,297	$ 6,616,301	$ 5,887,828	$ 5,738,426	$ 5,017,634	$ 4,493,709	$ 4,587,285	$ 4,152,898
Interest	42,664,590	43,225,655	42,124,159	38,173,241	35,698,698	33,809,853	33,373,524	33,065,052	32,492,291
Benefit changes	--	--	--	51,225,519	--	--	665,893	--	--
Differences between expected and actual experience	243,733	(336,198)	1,791,933	(3,670,131)	2,221,979	(2,204,530)	1,986,958	1,839,725	333,165
Assumption changes	19,015,465	617,488	--	5,212,188	31,374,925	23,474,009	4,147,745	4,976,256	--
Benefit payments	(46,457,088)	(36,207,880)	(34,235,265)	(41,161,931)	(30,896,779)	(29,804,293)	(38,120,911)	(31,649,219)	(28,191,052)
Refunds	(921,883)	(480,993)	(425,409)	(539,713)	(448,377)	(166,465)	(271,849)	(434,468)	(231,708)
Net Change in Total Pension Liability	21,176,170	13,263,369	15,871,719	55,127,001	43,688,872	30,126,208	6,275,069	12,384,631	8,555,594
Total Pension Liability - Beginning	601,504,574	588,241,205	572,369,486	517,242,485	473,553,613	443,427,405	437,152,336	424,767,705	416,212,111
Total Pension Liability - Ending (a)	$ 622,680,744	$ 601,504,574	$ 588,241,205	$ 572,369,486	$ 517,242,485	$ 473,553,613	$ 443,427,405	$ 437,152,336	$ 424,767,705
Plan Fiduciary Net Position									
Contributions - employer	$ 28,387,441	$ 29,914,898	$ 42,284,055	$ 26,904,543	$ 22,101,019	$ 20,562,868	$ 9,767,849	$ 23,216,393	$ 23,160,583
Contributions - non-employer contributing entity	37,128	29,913	29,738	26,734	12,694	11,723	10,433	8,469	--
Contributions - member	3,507,528	3,455,693	3,635,402	3,561,448	3,277,081	3,185,801	3,088,620	2,604,831	2,671,277
Net investment income (loss)	(40,656,005)	77,108,378	25,798,439	13,819,384	21,635,666	33,218,838	29,224,225	5,108,678	28,051,900
Benefit payments	(46,457,088)	(36,207,880)	(34,235,265)	(41,161,931)	(30,896,779)	(29,804,293)	(38,120,911)	(31,649,219)	(28,191,052)
Refunds	(921,883)	(480,993)	(425,409)	(539,713)	(448,377)	(166,465)	(271,849)	(434,468)	(231,708)
Administrative expense	(921,592)	(800,993)	(806,020)	(671,545)	(497,898)	(486,528)	(298,730)	(287,053)	(282,797)
Net Change in Plan Fiduciary Net Position	(57,024,471)	73,019,016	36,280,940	1,938,920	15,183,406	26,521,944	3,399,637	(1,432,369)	25,178,203
Plan Fiduciary Net Position - Beginning	442,686,502	369,667,486	333,386,546	331,447,626	316,264,220	289,742,276	286,342,639	287,775,008	262,596,805
Plan Fiduciary Net Position - Ending (b)	$ 385,662,031	$ 442,686,502	$ 369,667,486	$ 333,386,546	$ 331,447,626	$ 316,264,220	$ 289,742,276	$ 286,342,639	$ 287,775,008
Net Pension Liability - Ending (a-b)	$ 237,018,713	$ 158,818,072	$ 218,573,719	$ 238,982,940	$ 185,794,859	$ 157,289,393	$ 153,685,129	$ 150,809,697	$ 136,992,697
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	61.94%	73.60%	62.84%	58.25%	64.08%	66.79%	65.34%	65.50%	67.75%
Covered Payroll	$ 41,931,489	$ 40,789,456	$ 40,869,983	$ 41,243,666	$ 40,963,513	$ 39,822,513	$ 38,607,750	$ 32,560,388	$ 33,390,963
Net Pension Liability as a Percentage of Covered Payroll	565.25%	389.36%	534.80%	579.44%	453.56%	394.98%	398.07%	463.17%	410.27%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

CITY OF HOLLYWOOD
EMPLOYEES' RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS

September 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution*	$ 28,082,806	$ 29,106,927	$ 28,879,293	$ 25,225,862	$ 24,702,602	$ 23,189,007	$ 22,716,242	$ 22,547,585	$ 19,834,090
Actual Contributions**	28,424,569	29,944,811	42,313,793 ****	26,931,277	22,113,713	20,574,591	9,778,282	23,224,862 ***	23,160,583
Contribution Deficiency (Excess)**	$ (341,763)	$ (837,884)	$ (13,434,500)	$ (1,705,415)	$ 2,588,889	$ 2,614,416	$ 12,937,960	$ (677,277)	$ (3,326,493)
Covered Payroll	$ 41,931,489	$ 40,789,456	$ 40,869,983	$ 41,243,666	$ 40,963,513	$ 39,822,513	$ 38,607,750	$ 32,560,388	$ 33,390,963
Contributions as a Percentage of Covered Payroll	67.79%	73.41%	103.53%	65.30%	53.98%	51.67%	25.33%	71.33%	69.36%

Notes to Schedule of Contributions

* Reflects the 5.7% liability load to prefund the supplemental pension distributions starting in the fiscal year ended September 30, 2015.

** Contribution deficiencies are due to actual contributions excluding the supplemental pension distribution starting in fiscal year ending September 30, 2015. The actual contributions in fiscal year 2019 include a payment for the supplemental pension distributions owed for the fiscal year 2012 in the amount of $4,299,167.

*** The City accumulated prepaid employer contributions of approximately $10.4 million as of September 2015.

**** Includes the $13,404,762 receivable City contribution due to the contribution shortfall owed by the City as of September 30, 2020 relating to the under-contributions for fiscal year ended September 30, 2015 through 2019 which the City was initially paying off over a five-year period beginning October 1, 2020, but was ultimately paid off in full during the fiscal year ended September 30, 2022.

Valuation Date: October 1, 2020
Actuarially determined contributions are calculated as of October 1, which is two years prior to the end of the fiscal year in which contributions are reported.

Significant Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Pay, Closed
Remaining Amortization Period	29 years
Asset valuation method	5-year smoothed market
Investment rate of return	7.30%
Assumed annual salary increase	3.0% to 8.0%, depending on service, including inflation
Inflation	2.50%
Cost-of-living adjustment	2% per year for those members hired on or before July 15, 2009
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	PUB-2010 Headcount Weighted General Median Employee Male and Female Tables (for pre-retirement mortality), the PUB-2010 Headcount Weighted General Below Median Healthy Retiree Male and Female Tables (for post-retirement mortality.

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

CITY OF HOLLYWOOD
EMPLOYEES' RETIREMENT FUND

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF INVESTMENT RETURNS

September 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	-9.70%	21.50%	7.63%	4.12%	6.69%	10.93%	10.53%	1.60%	10.95%

This schedule is presented as required by accounting principles generally accepted in the United States of America, however, until a full 10-year trend is compiled, information is presented for those years available.

REPORTING SECTION

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees and Executive Director
City of Hollywood Employees' Retirement Fund

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of City of Hollywood Employee's Retirement Fund (the "Plan"), which collectively comprise the statement of fiduciary net position as of September 30, 2022, and the related statement of changes in fiduciary net position for the year then ended and the related notes to the financial statements, and have issued our report thereon dated April 25, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marcum LLP

Fort Lauderdale, FL
April 25, 2023